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DATE: August 11, 2006

TO: Cabinet Secretaries

FROM: Thomas Trimarco, Secretary  
Executive Office for Administration and Finance

SUBJECT: A&F Bulletin 13 - Establishment of Minimum Requirements for Bio-Fuel Usage in  
State Vehicles and Buildings by Executive Agencies

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The Executive Office for Administration and Finance (A&F) has determined that, given the rising costs of imported oil, the price volatility and infrastructure vulnerability of these imports, the local and global air pollution released, and the millions of dollars spent each year to refuel state vehicles and purchase #2 heating oil for state buildings, and in keeping with the Administration's commitment to long-term cost containment, energy efficiency, improved public health and natural resource conservation, all executive agency vehicle fleets and #2 heating oil boilers should phase in the use of biofuels to replace petroleum-based fuels.

The standard below is designed to ensure that the states' vehicle fleet and boilers permitted to run on #2 fuel oil will transition to biofuel blends that safeguard against mechanical failure, excessive costs differentials and meet all appropriate fuel and air quality standards while reducing the Commonwealth's dependence on imported oil.

**I. Ethanol in State Vehicles:**

A&F recognizes that the infrastructure requirements for the greater adoption of blends of ethanol up to 85% (E85) in applicable state vehicles are considerable and will need to be phased in over time in increments as deemed appropriate by the Secretary for A&F and the Division of Energy Resources (DOER). Therefore A&F and DOER shall each year going forward set minimum percentage requirements for E85 ethanol usage in state flex-fuel vehicles, which are capable of running on E-85. The announcement for the following fiscal year target shall be made during the preceding fiscal, providing sufficient time for agency fuel purchase planning.

Agencies may apply to DOER for an exemption from the ethanol requirements provided that one of the following applies:

- Ethanol fuels are not available within a reasonable distance
- Ethanol fuels cannot be purchased by state vehicle operators through appropriate state procurement processes
- The price of ethanol fuels is cost-prohibitive as determined by DOER

## **II. Biodiesel in State Vehicles**

Biodiesel for vehicles is now available for purchase on State Contract number ENE23 and has been in use in certain state vehicles on a voluntary basis since 2000. In order to ensure the continued adoption of biodiesel in the Commonwealth's diesel vehicle fleet the following 5% target is mandated for Fiscal Year 2008:

**Beginning in Fiscal Year 2008, all agencies must use a minimum of five percent (5%) biodiesel in both on-road and off-road diesel engines. Furthermore, by Fiscal Year 2010, agencies shall use a minimum of fifteen percent (15%) biodiesel in both on-road and off-road diesel engines.**

However, prior to Fiscal Year 2010, DOER, in collaboration with the Commonwealth Office of Vehicle Management and other appropriate agencies, shall determine whether a 15% biodiesel goal is appropriate, and if so, for what vehicles under what conditions. Such determination shall be based on equipment and fuel performance, vehicle warranties, warm versus cold weather issues, and any other criteria that might affect the performance of state vehicles and agency ability to conduct its business appropriately and efficiently.

These minimum requirements can be met through the use of B5 and/or B20 blends, or any other blend, as long as a minimum of 5% by FY08 and 15% by FY2010 of total diesel fuel used is equivalent to 100% biodiesel. It is anticipated that a B20 biodiesel blend can be used for up to 8 months of the year and a B5 biodiesel blend used during the winter season, as currently offered through the state contract. All biodiesel blends available on state contract meet recommended ASTM standards.

A&F and DOER shall monitor biodiesel usage and, depending on progress toward the goals set in this bulletin, shall determine whether annual goals for biodiesel prior to or after Fiscal Year 2010 shall be set.

Agencies may apply to DOER for an exemption from the provisions of this section provided that they can demonstrate that biodiesel is not available for purchase or that the cost of such fuels is prohibitive. Where agencies feel there is another clear justification for not using biodiesel blends in some portion of their diesel fleet, they may apply for a waiver for those vehicles.

## **III. Biodiesel in State #2 heating oil applications**

Given the significant consumption of #2 heating fuels by existing and future state facilities, A&F has identified a need to target use of biodiesel blends in these heating applications. However, prior to requiring use of such fuels, DOER is directed to establish a pilot program to test the use of biodiesel blends in two or more agency facilities during the winter of 2006-2007. At the same time, the Operational Services Division (OSD) is directed to make available on Statewide Contract appropriate biodiesel #2 heating oil, pending results of the pilot.

**Subject to the results of the pilot program and based on the successful establishment of biodiesel heating fuels on Statewide Contract, starting no later than the winter of 2007-2008, agencies shall be required to use a minimum of three Percent (3%) biodiesel in all #2 fuel oil**

**applications.** This minimum requirement can be met through the use of average B3 blend or any other blend, as long as a minimum of 3% of total #2 fuel oil is equivalent to 100% biodiesel.

The Secretary for A&F and DOER shall each year set minimum percentage requirements for biodiesel usage within the state's #2 fuel oil purchases. The announcement for the following fiscal year target shall be made during the preceding fiscal year, providing sufficient time for agency fuel purchase planning. Annual targets may not fall below prior annual targets and should move facility usage of biodiesel toward a target of 10% B100 or B10 equivalent usage.

Where agencies feel there is a clear justification for not using biodiesel blends in their heating systems, agencies may apply to the DOER for a waiver of the state minimum biodiesel annual percentage usage requirement as set by A&F and DOER. DOER shall provide more guidance on these waiver provisions prior to setting any requirements for biodiesel use in heating applications.

#### **IV. Biofuels Infrastructure**

Understanding that one of the barriers to the adoption of biofuels is inadequate infrastructure (e.g., fueling stations), A&F and DOER, in collaboration with other executive agencies, shall develop a plan by December 1, 2006 for expanding necessary state biofuels infrastructure to help meet the requirements of this bulletin and provide a model for expanding biofuels infrastructure in the private sector.

#### **V. Agency Assistance**

DOER will provide agencies with information and assistance in order to meet the goals established in this Bulletin.